

our economy, the U.S. rate for foreign investors is 10 percent. That means that while Japanese investors are taxed at a rate of 10 percent withholding tax on their investments in the 50 States, those same investors are taxed at a 30 percent withholding rate on Guam.

While the long-term solution for this is for U.S. negotiators to include Guam in the definition of the term "United States" for all future tax treaties, the immediate solution is to amend the Organic Act of Guam and authorize the government of Guam to tax foreign investors at the same rates as the 50 States.

Other territories under U.S. jurisdiction have already remedied this problem or are able to offer alternative tax benefits to foreign investors to delineate their unique covenant agreements with the Federal Government or through Federal statute. Guam alone is therefore the only State or territory in the United States which is unable to provide this tax benefit.

The Congressional Budget Office has indicated that the legislation will not have an effect on the Federal budget. It simply allows the government of Guam to lower its withholding rate for foreign investors. While the bill will result in the loss of revenue for the government of Guam in the short term, these losses are expected to be offset by the generation of increased tax revenues through increased foreign investments in the long run. Some 75 percent of Guam's current commercial development is funded by foreign investors.

H.R. 309 also incorporates changes recommended by the Treasury Department to ensure that a foreign investor who benefits from this legislation cannot simultaneously benefit from tax rebates under Guam territorial law.

My legislation is supported by Governor of Guam, Carl Gutierrez, the Speaker of the Guam Legislature, Tony Unpingco, and the Guam Chamber of Commerce. I also want to thank my good friend, Senator Ben Pangelinan in the Guam Legislature, who initially suggested this legislation a few years ago.

I have worked closely on this measure with the House Committee on Resources, the House Committee on Ways and Means, the Senate Finance Committee, the Senate Energy and Natural Resources Committee, the Interior Department, Treasury Department and the White House National Economic Council.

I urge my colleagues to support H.R. 309. It is good for Guam's economy, and it is sound national policy towards foreign investments in the United States.

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Mr. Speaker, I yield such time as he may consume to the gentleman from American Samoa (Mr. FALOMAVAEGA). (Mr. FALOMAVAEGA asked and was given permission to revise and extend his remarks.)

Mr. FALOMAVAEGA. Mr. Speaker, I certainly want to commend the gen-

tleman from Guam for his leadership and for the authorship of this important legislation. I want to thank our colleague, the gentleman from Colorado (Mr. HEFLEY) for his leadership in managing the legislation pertaining to the Committee on Resources. I thank the gentleman from Utah (Chairman HANSEN) and the gentleman from West Virginia (Mr. RAHALL), the ranking minority member, for their support of this legislation.

Mr. Speaker, I rise in strong support of H.R. 309, a bill to provide for the determination of withholding tax rates on the Guam income tax law. I am often critical of the relationship, or should I say, a lack of a well-defined relationship, currently existing between American Samoa and the United States.

Unlike Guam, the Virgin Islands, Puerto Rico, or the Commonwealth of the Northern Mariana Islands, American Samoa does not have an Organic Act setting forth the basic structure of the government, or a covenant relationship that defines such a relationship, as is currently the case with the Commonwealth of the Northern Mariana Islands.

On the other hand, Mr. Speaker, once a territory becomes organized, the local government loses much of its flexibility that it otherwise would have in addressing many of its social and economic issues.

Mr. Speaker, as many of my colleagues may not be aware, the territory of American Samoa is an unorganized and unincorporated territory of the United States. This year marks the very unique political relationship between American Samoa and the United States which has now existed for over 101 years.

American Samoa now has a territorial Constitution that was approved by the Secretary of the Interior in 1967, but was never approved by the Congress. A law was passed by the Congress in 1984 to prohibit any changes in the territorial Constitution without the consent of the Congress, but at the same time, Congress passed a law in 1929 to delegate all military, judicial, and administrative authority under the control of the President or his designee, currently the Secretary of the Interior. Mr. Speaker, how would we like to figure that one out?

Mr. Speaker, the issue addressed by this legislation is one example of the inflexibility of existing Organic Acts. Under current Federal tax law, there is a 30 percent State income tax rate for foreign investors, or I am sorry, 10 percent for foreign investors in the United States. Guam's territorial tax law is imposed under Federal law, so an act of Congress is needed to change it.

Even though the United States enters into treaties with foreign governments authorizing lower income tax rates for foreign investors in the States of the United States, current treaties do not include the territories as part of the United States. The net result is

that if a Japanese businessman invests in a State of the United States and has an income of \$100,000, that investor pays a \$10,000 tax on the income. That very same investor earning the same \$100,000 in income from an investment in Guam would have to pay \$30,000 in tax, or three times as much.

Given Guam's proximity to Japan and other Asian countries, and given the number of nonaffiliated islands in the Pacific, the 30 percent income tax rate is a considerable disincentive for foreign investors to do business in a territory like Guam, thus hampering Guam's economic development.

I welcome this proposed change in Federal law to permit the governing authority in Guam to tax foreign investors at the same rates as States under U.S. tax treaties with foreign nations.

While American Samoa does not have this problem because it has authority to enact its own tax laws, I would suggest that future tax treaty negotiators include U.S. territories within treaty provisions so separate legislation is not necessary.

Mr. Speaker, I urge my colleagues to support this legislation.

Mr. UNDERWOOD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from Colorado (Mr. HEFLEY) for those kind remarks and for his indulgence in seeing this through.

Mr. Speaker, I yield back the balance of my time.

Mr. HEFLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would encourage my colleagues to support this broadly-supported bill, a bipartisan bill, a good bill. I commend the gentleman from Guam (Mr. UNDERWOOD) for his hard work on it.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The question is on the motion offered by the gentleman from Colorado (Mr. HEFLEY) that the House suspend the rules and pass the bill, H.R. 309.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HEFLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the three bills just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

SUPPORTING A NATIONAL
CHARTER SCHOOLS WEEK

Mr. KELLER. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 95) supporting a National Charter Schools Week, as amended.

The Clerk read as follows:

H. CON. RES. 95

Whereas charter schools are public schools authorized by a designated public body and operating on the principles of accountability, parental involvement, choice, and autonomy;

Whereas in exchange for the flexibility and autonomy given to charter schools, they are held accountable by their sponsors for improving student achievement and for their financial and other operations;

Whereas 36 States, the District of Columbia, and the Commonwealth of Puerto Rico have passed laws authorizing charter schools;

Whereas 35 States, the District of Columbia, and the Commonwealth of Puerto Rico will have received more than \$500,000,000 in grants from the Federal Government by the end of the current fiscal year for planning, startup, and implementation of charter schools since their authorization in 1994 under part C of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8061 et seq.);

Whereas 34 States, the District of Columbia, and the Commonwealth of Puerto Rico are serving approximately 550,000 students in more than 2,150 charter schools during the 2000 to 2001 school year;

Whereas charter schools can be vehicles both for improving student achievement for students who attend them and for stimulating change and improvement in all public schools and benefiting all public school students;

Whereas charter schools in many States serve significant numbers of students with lower income, minority students, and students with disabilities;

Whereas the Charter Schools Expansion Act of 1998 (Public Law 105-278) amended the Federal grant program for charter schools authorized by part C of title X of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8061 et seq.) to strengthen accountability provisions at the Federal, State, and local levels to ensure that charter public schools are of high quality and are truly accountable to the public;

Whereas 7 of 10 charter schools report having a waiting list;

Whereas students in charter schools nationwide have similar demographic characteristics as students in all public schools;

Whereas charter schools have enjoyed broad bipartisan support from the Administration, the Congress, State governors and legislatures, educators, and parents across the Nation; and

Whereas charter schools are laboratories of reform and serve as models of how to educate children as effectively as possible: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That—

(1) the Congress acknowledges and commends the charter school movement for its contribution to improving our Nation's public school system; and

(2) it is the sense of the Congress that—

(A) a National Charter Schools Week should be established; and

(B) the President should issue a proclamation calling on the people of the United States to conduct appropriate programs, ceremonies, and activities to demonstrate

support for charter schools in communities throughout the Nation.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Florida (Mr. KELLER) and the gentleman from Indiana (Mr. ROEMER) each will control 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. KELLER).

GENERAL LEAVE

Mr. KELLER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the concurrent resolution under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. KELLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in strong support of House Concurrent Resolution 95, which acknowledges and commends the charter school movement for its contribution to improving our Nation's public school system, and calls for a National Charter Schools Week to be established.

We have all seen the results of inflicting the many unfunded mandates on our Nation's public schools, and believe that the charter school movement, led by California, Arizona, Colorado, Florida, Georgia, Minnesota, New Mexico, Massachusetts, and Wisconsin in the early 1990s, is a direct result of the desire for parents to increase their personal involvement and control of their children's education.

My home State of Florida passed its charter school law in 1996. The latest information available shows that there are 149 charter schools operating in the State of Florida serving over 27,000 students.

New charter schools have swept the country to the point of including 36 States, the District of Columbia, Puerto Rico. This represents a clear change in how education is disseminated across the great country.

There are nearly 2,150 charter schools across the country serving almost 550,000 children. Laboratories of learning are being established from coast-to-coast, and the common denominator between them all is a staunch desire for local hands-on control by parents and teachers. From back-to-back basic schools in Arizona to magnet programs in Colorado, they are all proving that there is not just one way to teach.

Two weeks ago, the State of Indiana passed a very strong charter school law which will likely rank the State in the top dozen of States with the strongest laws. This is an outstanding victory for parents and teachers, who have been waiting a long time to affect their children's education in a positive way.

A recent report by professor Scott Milliman of James Madison University, Frederick Hess, and Robert Maranto of the University of Virginia, and social psychologist April Gresham, revealed that the establishment of charter

schools has spurred noticeable differences in the public school system.

For example, based on a March, 1998, survey of Arizona public school teachers, the researchers concluded that the power of choice and market competition from charter schools led to the following changes between the 1994-1995 and the 1997-1998 school years.

First, districts made greater attempts to inform parents about school programs and options. Second, districts placed greater emphasis on promoting professional development for teachers. Third, school principals increased consultation with the teaching staffs.

The authors also found that charter schools do not replace district schools, but rather, push district schools to compete, primarily because State subsidies follow the students.

This resolution supporting National Charter Schools Week must be used as a means of celebrating true diversity: diversity in education, diversity in learning, and diversity in thought. Supporting National Charter Schools Week lends credence to the proclamation that not everyone thinks alike and not everyone learns alike.

Combined with the Charter Schools Expansion Act from the 105th Congress, it acknowledges the success of thinking outside the box by supporting and commending those communities who have chosen to take control of their own destiny.

Mr. Speaker, I reserve the balance of my time.

Mr. ROEMER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from Florida for helping manage the bill here today, a charter school bill which will establish this week as the National Charter Schools Week, named House Resolution 95.

As our Founding Fathers contemplated the importance of what American society might look like in the ensuing decades after they wrote the Declaration of Independence and the United States Constitution, George Washington, John Adams, Thomas Jefferson, and James Madison all talked of the extreme importance put forward on an enlightened society, on an educated society.

Now, today, in the year 2001, we should put even more importance on our public education school system, on a system that is visionary, that is accountable, that is flexible, that provides more public school choices to our parents to send their children to the very best kinds of schools.

Charter schools, I believe, are part of this effort. Charter schools are part of an effort to provide more vision, more flexibility, more reform, more options, more parental choices, more teacher curriculum, curriculum developed at the local level into the schools.

They might even expand on the school day or the length of the school year, providing more and more options for our schools in an increasingly globally-oriented economy.